

1 Julia W. Brand, Esq. (SBN: 121760)
jbrand@linerlaw.com
2 Enid M. Colson, Esq. (SBN: 189912)
ecolson@linerlaw.com
3 LINER YANKELEVITZ
SUNSHINE & REGENSTREIF LLP
4 1100 Glendon Avenue, 14th Floor
Los Angeles, California 90024-3503
5 Telephone: (310) 500-3500
Facsimile: (310) 500-3501

6 Proposed Counsel for Debtors
7 and Debtors-in-Possession

8 **UNITED STATES BANKRUPTCY COURT**
9
10 **SOUTHERN DISTRICT OF CALIFORNIA**

11 In re:
12 STEAKHOUSE PARTNERS, INC., a Delaware
corporation,
13 Debtor.

Case No. 08-04147-11
Chapter 11

14 In re:
15 PARAGON STEAKHOUSE RESTAURANTS, a
16 Delaware corporation,
17 Debtor.

Case No. 08-04152-11
Chapter 11

18 In re:
19 PARAGON OF MICHIGAN, INC., a Wisconsin
corporation,
20 Debtor.

Case No. 08-04153-11
Chapter 11

**DECLARATION OF JULIA W. BRAND IN
SUPPORT OF DEBTORS' FIRST DAY MOTION
NO: 3 MOTION FOR ORDER AUTHORIZING
PAYMENT OF NON-INSIDER PREPETITION
ACCRUED WAGES, SALARIES, COMMIS-
SIONS, EMPLOYEE EXPENSES, WORKERS'
COMPENSATION AND EMPLOYEE BENEFITS,
ETC.**

21
22
23
24
25
26 Date: May 27, 2008
Time: 10:30 a.m.
27 Courtroom: 218
Judge: The Honorable James W. Meyers
28

Case No. 08-04147-11

DECLARATION OF JULIA W. BRAND IN SUPPORT OF DEBTORS' FIRST DAY MOTION NO. 3

DECLARATION OF JULIA W. BRAND

I, Julia W. Brand, do hereby declare:

1. I am an attorney at law duly licensed to practice before this Court and all the courts of the State of California. I am a partner with Liner Yankelevitz Sunshine & Regenstreif LLP, the proposed counsel to the debtors and debtors in possession Steakhouse Partners, Inc.; Paragon Steakhouse Restaurant, Inc.; and Paragon of Michigan, Inc. (collectively, the "Debtors"). I have personal knowledge of the facts set forth below and if called as a witness, I could and would testify competently thereto.

2. Pursuant to this Court's local rules re: first day motions in chapter 11 cases, on Friday May 16, 2008 I spoke with Mary Testerman Duvoisin, the Trial Attorney for the Office of the United States Trustee assigned to these bankruptcy cases, regarding the Debtors' First Day Motions filed on May 15, 2008. Ms. Duvoisin requested that the proposed order on the Debtors' "First Day Motion No. 2: Motion for Order Limiting Scope of Notice" ("Motion to Limit Notice") be revised to indicate that any official committee of unsecured creditors would also receive the notices provided in the Motion. With such a revision, Ms. Duvoisin indicated to me that the United States Trustee ("U.S. Trustee") did not object to the relief requested in the Motion to Limit Notice.

3. Concurrent with the filing of this declaration, the Debtors are uploading an Order on the Motion to Limit Notice which provides that the Debtors will make available on its website (www.paragonsteak.com) the Order limiting notice and any notice, application or motion served by the Debtors on a limited basis. The Order also provides that any official committee of unsecured creditors will receive the notices provided in the Motion and provides that the Debtors will serve on all creditors any order limiting notice as well as a notice setting forth information with respect to the impact of the order limiting notice and providing directions for any parties in interest wishing to request special notice or wishing to obtain pleadings from the Debtors' website.

1 4. I am informed and believe that the vast majority of the payroll checks issued by the Debtors
2 pre-petition to noninsider employees cleared prior to, or were in the process of clearing and at the time the
3 First Day Motions were filed, that a de minimis amount (approximately \$4,800) had yet to be processed. I
4 relayed this information to Ms. Duvoisin during on conversation on May 16, 2008. Ms. Duvoisin indicated to
5 me that the U.S. Trustee did not object to the entry of an interim order on the Debtors' "First Day Motion No: 3
6 Motion for Order Authorizing Payment of Non-Insider Prepetition Accrued Wages, Salaries, Commissions,
7 Employee Expenses, Workers' Compensation and Employee Benefits and Payment of Related Taxes and
8 Tax Deposits and Authorizing and Directing Banks to Honor Payroll Account Checks and Expense
9 Reimbursement Checks" ("Payroll Motion") to the extent necessary to permit prepetition payroll checks
10 issued to the Debtors' noninsider employees to clear so long as no employee will receive more than the
11 amount provided in 11 U.S.C. § 507(a)(4). I am informed and believe that no employee will receive more
12 than the amount provided in 11 U.S.C. § 507(a)(4) as a result of the honoring of these pre-petition payroll
13 checks.
14


15
16 5. The principal secured creditor in this case is Scott Avila as Trustee of the Class 4 Creditor
17 Trust (the "Creditor Trust") who is represented by Sharon Weiss of Weinstein, Weiss & Ordubegian LLP. The
18 Debtors served the First Day Motions on Ms. Weiss so that they were received on the morning of Friday May
19 16, 2008. Ms. Weiss indicated that the Creditor Trustee was willing to consent to the limited relief requested
20 with respect to this motion on the condition that the order contain no findings of fact and that the Debtors allow
21 the Creditor Trustee access to its books and records on Tuesday May 20, 2008 to review such books and
22 records. The Debtors have agreed to provide access to the books and records on Tuesday May 20, 2008 to
23 representatives of the Creditor Trustee. I communicated this information to Ms. Weiss by voicemail and email
24 this morning.
25

26 6. Concurrent with the filing of this declaration, the Debtors are uploading an Order on the
27 Payroll Motion which provides that the motion is granted on an interim basis only to the extent necessary to
28

1 allow the Debtors' prepetition payroll checks to noninsider employees to clear. The Order also states that the
2 remainder of the relief requested in the Payroll Motion will be considered at the May 27, 2008 hearings on the
3 Debtors' First Day Motions.
4

5 I declare under penalty of perjury under the laws of the United States of America that the foregoing is
6 true and correct.
7

8 Executed this 19th day of May 2008, at Los Angeles, California.

9 
10 _____
11 Julia W. Brand
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28